

REMARKS

1. Applicant thanks the Examiner for the Examiner's comments, which have greatly assisted Applicant in responding.

2. It should be appreciated that Applicant has elected to amend the Claims solely for the purpose of expediting the patent application process in a manner consistent with the PTO's Patent Business Goals, 65 Fed. Reg. 54603 (9/8/00). In making such amendment, Applicant has not and does not in any way narrow the scope of protection to which Applicant considers the invention herein to be entitled. Rather, Applicant reserves Applicant's right to pursue such protection at a later point in time and merely seeks to pursue protection for the subject matter presented in this submission.

3. **35 U.S.C. §112, second paragraph.**

(a) The Examiner stated that each of the Claims recites that a "message unit comprises data that is translatable" to another format and further states that it is unclear whether any such translation actually occurs.

Applicant has amended Claims 1 and 35 to further clarify the invention. Support can be found as follows (emphasis added):

(On page 21, lines 11-20)

In the preferred embodiment, the accepted transactions from the seller disbursement file are reformatted into NACHA format and the file is submitted to the proprietary ACH system of the claimed invention.

The seller disbursement batch file, the seller disbursement acknowledgement file, and the ACH file are logged for future reference. If the proprietary ACH receives an ACH reject for any reason, the reject is returned to the invention claimed herein and can be passed to the merchant in the beginning of day (BOD) file. This allows for correction and possible resubmission of the transaction

(On page 22, lines 8-15)

This settlement file is transmitted to the invention claimed herein by a predetermined time each day, typically 4pm Pacific time, Monday through Friday. The information

sent from the partner is taken and an FDMS formatted settlement file is created. This FDMS formatted file needs to be sent to FDMS by predetermined times, such as, by 5pm pacific time, 7pm central standard time, for FDMS nightly processing Monday through Friday only. In the preferred embodiment, files containing Saturday's and Sunday's transactions are sent to FDMS with Monday's settlement file and processed by FDMS on Monday night. A copy of the files is sent to proprietary financial operations support.

Hence, Applicant is of the opinion that amended Claims 1 and 35, and therefore also the dependent claims, overcome the rejection. Accordingly, Applicant respectfully requests that the Examiner withdraw the rejection.

(b) The Examiner stated that regarding Claims 1-68, the phrase "or the like" renders the claims(s) indefinite because the claim(s) include(s) elements not actually disclosed, thereby rendering the scope of the claims(s) unascertainable.

Applicant has amended Claims 1 and 35 accordingly. Hence, Applicant is of the opinion that amended Claims 1 and 35, and therefore also the dependent claims, overcome the rejection. Accordingly, Applicant respectfully requests that the Examiner withdraw the rejection.

4. 35 U.S.C. §103(a).

(a) The Examiner has rejected Claims 1-9, 11-13, 16-23, 25-43, 45-47, 50-57, and 50-68 under 35 U.S.C. §103(a) as being unpatentable over Kravitz and Gopinathan et al (Gopinathan) in view of Utility Industry Group Implementation Standard for Electronic Data Exchange, hereinafter, Standard.

Applicant has amended Claims 35 and 1 to further clarify the invention. Specifically, Applicant further clarified the relationship and roles and responsibilities of certain features of the invention, which the prior art of record do not have. Support can be found as follows (emphasis added):

(On page 6, lines 20-23)

It would be advantageous to provide an integrated comprehensive suite of products to address both consumer and merchant demands for safe, convenient, and

inexpensive e-commerce that uses a message architecture matching the ACH message to the original transaction.

(Section, Integrate with Merchant's Web page., on page 22, line 24 through page 23, line 19)

Integrate with Merchant's Web page.

In the preferred embodiment, **proprietary message unit architecture provides for smooth integration with and online messaging to and from the merchant.** The invention comprises real time, 5 second decisioning, as well as batch processing. Batch process architecture provides for timely processing of transactional level reconciliation information for both originations and exception items. Five second decisioning is used for both the registration process and for credit card and electronic check transactions. Both domestic and international payments for both credit card and electronic check are accepted. Finally, integration or interfacing with the merchant's Web page can be through through personal computer (PC) or wireless technology.

It is noted that **integrating with the merchant's Web page has a plug and play quality**, because this feature of the invention claimed herein consists of required fields. The preferred embodiment works with a variety of front ends, and is independent of design of a merchant's front end.

It is noted that the invention claimed herein provides for integrating with merchant's Web page in real time.

It is noted that **the ACH method of reconciliation and the matching process to the original transaction** is a unique feature.

(Section Decisioning engine. On page 26, line 5 through page 27, line 11)

Decisioning engine.

The decision engine is an online interactive subsystem. In the preferred embodiment, an initial decision takes place within 5 seconds. The 5 second lookup subsystem comprises, but is not limited to **making a decision on a transaction and/or a registration; notifying the appropriate partner of the decision; and sending qualified transactions to the ACH.**

In the preferred embodiment, the architecture is sufficiently open to accommodate a variety of partners, and to allow for additional data elements, data file comparisons, and other risk processes. In another embodiment, the architecture also allows for user adjustment of risk element weighting, and could use user defined risk element tables, rather than hard coded risk weighting.

In the preferred embodiment, the claimed invention herein is the originator of ACH debits. Funds settle in an operating account for which to fund customer accounts, but not message the customer on accept or decline.

The ACH clock begins with Day 0, when transactions are submitted to the invention. The invention assumes any risk for any returned items after a predetermined day, which, in the preferred embodiment, is Day 3. In the preferred embodiment, transaction logs for ACH returns are updated and corresponding information is communicated to the customer. Late returns are also tracked.

It can be appreciated that risk management criteria that are proprietary, as well as risk management criteria that are from conventional programs can be used to determine, quantify, and qualify risk of potential buyers and sellers. Basically, risk assessment processes are used to indicate by means of a flag, or the like, potential risks by determining and then using the following: suspicious amounts of transactions, suspicious personal information of buyers or sellers, suspicious activities of buyers or sellers, conventional statistical information and conventional modes of operation of end-consumers.

The Examiner stated on page 3 of the recent office action, that Kravitz discloses the invention substantially. Applicant respectfully disagrees and is of the opinion that in view of the amended claims and arguments put forth in previous responses that such is not the case.

The Examiner stated on page 4, first full paragraph, that it would have been obvious to one of ordinary skill in the art at the time the invention was made to have included the decision making solution disclosed by Gopinathan in the electronic payments invention of Kravitz... However, Applicant is of the opinion that the electronic payments system of Kravitz does not have the features of the claimed invention.

The Examiner stated on page 5 that it would likewise have been obvious to modify Kravitz to process a direct refund from a merchant through the decisioning engine for an ACH transfer to reduce risk of fraudulent refund transaction. Kravitz cannot be modified to process a direct refund because Kravitz does not process payments at all. Kravitz is not set up to process payments. Kravitz teaches receiving and processing a payment request and consequently processing a payment advice to be sent to the merchant. Support can be found in Fig. 2. To assert that the Kravitz system which produces advice is modifiable to the claimed invention which definitively processes payments is not proper.

Accordingly, Applicant is of the opinion that Claim 35 (1) and the dependent claims are allowable, because the prior art fails to teach or fairly suggest the method and system for integrating payments processing with decisioning for Internet transactions of claimed invention. Therefore, Applicant respectfully requests that the Examiner withdraw the rejection under 35 U.S.C. §103(a).

(b) The Examiner has rejected Claims 14, 15, 48, and 49 under 35 U.S.C. §103(a) as being unpatentable over Kravitz and Gopinathan in view of Blazing A Trail in Point of Sale Transaction.

The rejection of Claims 14 and 48 is deemed moot in view of Applicant's remarks regarding Claims 1 and 35 above. Claims 14 and 48 are dependent upon independent Claims 1 and 35, respectively, which are in allowable condition. Claims 15 and 49 are dependent of Claims 14 and 48, respectively. Therefore, Applicant respectfully requests that the Examiner withdraw the rejection under 35 U.S.C. §103(a).

(c) The Examiner has rejected Claims 10, 24, 44 and 58 under 35 U.S.C. §103(a) as being unpatentable over Kravitz and Gopinathan in view of Hilts et al (Hilts).

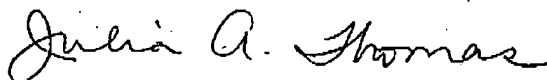
The rejection of Claims 10, 24, 44 and 58 is deemed moot in view of Applicant's remarks regarding Claims 1 and 35 above. Claims 10, 24, 44 and 58 are dependent upon independent Claims 1 and 35, respectively, which are in allowable condition. Therefore, Applicant respectfully requests that the Examiner withdraw the rejection under 35 U.S.C. §103(a).

CONCLUSION

Based on the foregoing, Applicant considers the present invention to be distinguished
5 from the art of record. Accordingly, Applicant earnestly solicits the Examiner's
withdrawal of the rejections raised in the above referenced Office Action, such that a
Notice of Allowance is forwarded to Applicant, and the present application is therefore
allowed to issue as a United States patent. The Examiner is invited to call to discuss
the response. The Commissioner is hereby authorized to charge any additional fees
10 due or credit any overpayment to Deposit Account No. 07-1445.

Respectfully Submitted,

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